

THE WINDOW

CANADA CANNOT TURN BACK

When on January 26, 1944, Argentina broke off her diplomatic relations with the Axis powers, Washington's desire for expelling all Axis observers from American soil was fulfilled. Since then they have continued the study of American affairs mainly from the Iberian Peninsula where newspapers and magazines from across the Atlantic are to be obtained shortly after publication. The two contributions of this issue's Window, both dealing with America, were written in Lisbon and Madrid.—K.M.

IN August 1943 President Roosevelt made a ceremonial visit to Canada's little capital Ottawa after his lengthy war council with Churchill in Quebec had been adjourned for continuation in Washington. He was the first President of the United States to make such a visit. British press representatives sent reports of enthusiastic ovations and applause when the President, accompanied by the Earl of Athlone, the Governor General, drove through the streets to the strains of the "Star-Spangled Banner."

His old liberal friend and pioneer of Canadian-American solidarity, Premier Mackenzie King, had just signed a mutual communiqué on the subject of the Aleutians with the President. Words almost failed him when he welcomed the "mighty leader of liberty" and suggested doing away with all frontier barriers between the two countries. Although Churchill has taken care not to admit that the only path open to the Empire as a whole is the American path, the example of Canada reveals all that which is an unspoken fact between the English and the Americans. Canada can no longer withdraw from her complete identity of interests with the USA since she was sucked into the military, economic, and political vortex of the war.

In a recent issue of the magazine *Fortune*, the Canadian journalist Bruce Hutchison called Churchill's former reference to Canada as the hub of peace and the magnet drawing England and the USA together a phrase of no practical significance. Today everybody knows as well as Mackenzie King, Churchill, and Hutchison himself, that Canada has given her vote to the great neighbor across the border. In his interesting study Hutchi-

son writes that, since the beginning of the war, the United States has flanked Canada on both oceans, has fortified Alaska, which lies between Canada and the Eastern world, has constructed mighty bases on Newfoundland between Canada and Europe, and has built a military road right through Canada to Alaska territory. From one end of Canada to the other, the Americans have extended their network of flying fields and military air lines, part of which, at least, will remain as a commercial network. If the United States were a potential future enemy, she could already consider Canada as occupied and deprived of power. Instead, the two nations have concluded a military alliance; in the economic sphere the United States has to a large extent merged her war production with that of Canada. Raw materials have been pooled; imports and exports have been balanced as a result of agreements. Trade between the two countries has suddenly been tripled. American investments in Canada are by now much higher than in any other country, although Canada has accepted no loans or Lend-Lease aid. On the basis of huge exports to the markets of her neighbor and even greater imports from there, Canada, with her 11½ million inhabitants, has, per head of population, become the greatest industrial country in the Allied camp. The United States, Hutchison continues, can return to a normal economy after the war, but Canada can never turn back. Her economy has been revolutionized by the war.

That which the battles in the past history of Canada were to prevent, namely, the "obvious fate" of a union of all North America up to the Arctic Ocean, has step by step been nearing realization since the

outbreak of war in Europe. Canada has apparently grown into an industrial power; in reality she is the so far most valuable and most dependent colony of USA capitalism. One might regard the Ottawa Conference of 1932 and the markets of the British Empire, which were to be reserved for its members, as the starting point of a development which is now leading to its American counterpart. The first stage was Premier King's trip in 1936 when, with the assent of Roosevelt, he brought about a tripartite trade agreement among the United States, England, and Canada. Although at the outbreak of war in 1939 there was still a Canadian-American customs tariff, there also existed a large number of Canadian-American economic committees to open up the means of close economic co-operation. American investments in Canadian enterprises amounted to four billion dollars, and Canadian investments in USA enterprises totaled one billion dollars.

After France had been eliminated from the war, Roosevelt and King met in the little town of Ogdensburg in the state of New York and on August 17, 1940, signed a permanent mutual defense agreement and appointed a Canadian-American defense committee. This was the first case of a USA alliance with no time limit and thus the first step toward including Canada in the North American union. The economic agreement concluded between Roosevelt and King on April 20, 1941, at Hyde Park, the President's rural estate, was even more explicit in its aim of organizing the collaboration of all North America.

Since Dunkirk, Canada had become England's supply base. With American aid in tools, coal, and steel, she had hastily built up her own war industry for everything from tanks to planes. She was already 400 millions in the red toward the USA, when the Hyde Park agreement stipulated that both countries were to combine in their war purchases and the development of their war industries in order not to compete with but complement each other.

In contrast to the permanent alliance of Ogdensburg, the Hyde Park agreement con-

tained no stipulations for the postwar period, nor did it touch upon the customs barrier for non-war-essential goods. But all the more vigorously did it push the merger of the war-production plants, which practically dominated the entire economic life. When the United States finally openly entered the war, the last stage of Canadian-American economic integration was reached with the announcement on December 22, 1941, that both countries would pool their raw materials and distribute them in such a way as to achieve the highest possible war production. Another billion dollars' worth of American war orders immediately flowed into the Canadian industry. American coal, oil, steel, cotton, airplane motors went across the practically abolished border, Canadian aluminum, nickel, and finished war material came the other way. Although Canada remained above all the supplier of war material to England, Canadian-American trade rose in 1942 to 2½ billion dollars, an amount corresponding to half the entire world trade of the United States in 1938.

Should the USA one day stop her imports again—an action that is by no means impossible, as all agreements apply only to war production—Canada would be ruined. Since Canada depends economically, for better for worse, on the good will and future economic fluctuations of the United States, the only question that remains is what political price the good neighbor will demand for the stabilization of postwar conditions in Canada. The President can always hide behind Congress, as the prewar customs barriers have, after all, not ceased to exist. It is significant that the Canadian study in *Fortune* mentioned above is placed on the same level with a study on the war economy of the Southern states of the USA, under the motto: both territories—old Canada and the old South—at the two ends of the Mississippi have a unique chance now to adjust their economic life to the great market of the central part of the continent.

Canada can no longer turn back. Through Canada, England has started out on the American path.—C. L., Lisbon.

A NEW TRANS-AMERICAN CANAL?

THE American fear of air attacks on Manhattan and on the Panama Canal is surprisingly great. The Americans believe that these two goals must prove of

special attraction to the enemy for bombing attempts. Experts endeavor in articles so to speak to popularize these worries by painting vivid pictures of the results of such